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Chairman: Mr. Niculescu ..... (Romania)
later: Ms. Barrington (Vice-Chairman) ..... (Ireland)

Contents

Agenda item 92: Macroeconomic policy questions (*continued*)

(a) Trade and development

(b) Commodities

(c) External debt crisis and development

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The meeting was called to order at 10.25 a.m.

Agenda item 92: Macroeconomic policy questions (*continued*) (A/55/68-S/2000/377, A/55/69-S/2000/378, A/55/71-S/2000/393, A/55/74, A/55/158-E/2000/102, A/55/257-S/2000/766, A/55/260-E/2000/108, A/55/310 and A/55/375)

(a) **Trade and development** (A/55/15, A/55/139-E/2000/93, A/55/320, A/55/396 and A/55/434-S/2000/926)

(b) **Commodities** (A/55/139-E/2000/93 and A/55/332)

(c) **External debt crisis and development** (A/55/183 and A/55/422)

1. **Mr. Karlsson** (Vice President, World Bank) said that, like the United Nations, the Bank was pursuing the goal of halving poverty by 2015, while improving the quality of life in order to create equitable and sustainable development for all people. It was not an easy objective to achieve. *The World Development Report 2000/2001* described the many dimensions of the fight against poverty. The most important United Nations conferences held during the 1990s had had the merit of indicating what needed to be done. Those guidelines were very relevant for the collaboration between the World Bank and the United Nations on two major events that would take place in 2001: the Third United Nations Conference on the Least Developed Countries and the high-level intergovernmental meeting on financing for development.

2. Each institution had its own calendar. For the World Bank, a significant milestone was the Annual Meeting, which had been held in Prague in 2000; the world had heard a great deal of noise, but was perhaps unaware of the substance of the discussions that had taken place there. During discussions, the World Bank President, James Wolfensohn, had emphasized, first, that many developed countries had fallen below the internationally recognized targets for aid. Second, developed countries should provide the resources for deeper, faster and broader debt relief; the rich countries should provide resources to promote rapid progress on the Heavily Indebted Poor Countries Debt Initiative, which should not be funded by reduced or more costly support for middle-income countries. Third, the developed countries should dismantle trade barriers to poor countries, the total cost of which was more than double total development assistance. Fourth, innovative instruments, such as grants, should be explored, particularly for such issues as the environment, basic education, health, and the fight against AIDS. Fifth, multilateral and bilateral donors should work together to simplify their procedures in order to reduce the cost of doing business. Lastly, it was necessary to recognize that there were more and more issues requiring action at the global level. Meanwhile, rich countries had never been so prosperous, technology had never been more dynamic, growth perspectives had rarely been greater, and consequently public action in all countries should be driven by a new commitment to poverty reduction.

3. The World Bank was ready to collaborate with the United Nations on the two major events in 2001. In the case of the Third Conference on the Least Developed Countries, representatives of the World Bank had met with representatives of the United Nations Conference on Trade and Development (UNCTAD) in Geneva to discuss the details of that collaboration and they appreciated UNCTAD's effort to involve all the United Nations agencies. The decisions resulting from the Conference should benefit not only the least developed countries but also other low-income countries facing similar difficulties, as well as transition countries, since most of the world's poor did not live in the least developed countries.

4. The intergovernmental high-level event on financing for development would perhaps be the occasion to ensure that resources were not only available but would be deployed effectively. The required means were not merely financial; it was necessary to ensure that major international decisions truly supported the efforts of countries seeking to emerge from poverty. The sources of financing for development were domestic resources, official development assistance flows and private capital provided by investors and lenders. The mix of such resources varied from one country to another and so did the challenges faced. In that context, although debt relief might be an appropriate measure, it was far from being a panacea. Financing global public goods also presented new funding challenges. However, domestic resources were still at the heart of sustainable development. No country had reduced poverty without making progress on that front. Official and private flows from outside could only complement national efforts, and it was not easy to mobilize domestic resources. Alongside official flows, private capital flows had grown strongly over the last two decades and

had made a valuable contribution to redressing the balance of payments situation of a number of countries, which had become known as emerging economies. In many other countries, the situation was very different. Therefore, generalizations should not be made. Most developing countries remained largely dependent on official aid. During recent years, much progress had been made in understanding the preconditions for aid effectiveness and it was important to take them into consideration in any discussion of the problem of financing for development. Several questions had to be dealt with: how best to ensure that it was the authorities of developing/transition countries, and not those of the donor countries, which were at the centre of the formulation of programmes and how to ensure that poverty reduction was effectively the overriding objective of international assistance. As developing countries strengthened their governance, it was necessary to ensure that they understood the objective of aid. Furthermore, the transaction costs of aid needed to be reduced. Another question was how to mobilize additional resources and how to obtain supplementary resources for providing increasingly necessary global public goods.

5. The Heavily Indebted Poor Countries Debt Initiative was progressing well. However, in the context of the intergovernmental high-level event on financing for development, it was necessary to go further, pose new questions and monitor application. For example, the Initiative should resolve the difficult choice between prompt debt relief and the existence of a reliable link between the contribution of resources and poverty reduction. Beyond the Initiative, what other measures should be considered to help countries solve their balance of payments and debt service problems? Some developing countries already received large private capital flows but faced the problem of the volatility of the financial markets, which should be of concern to the international community. Most developing countries had very limited access to private capital. How could private capital be persuaded to deploy resources in the countries which needed them most? What action should be taken to facilitate private investment flows into the countries which were still strongly dependent on official development assistance? A dynamic export sector was a prerequisite for attracting international private capital. Therefore, countries must be given greater access to the markets of the developed countries and it was also crucial for them to take advantage of trade opportunities. How could the opening up of the markets be accelerated?

6. Lastly, in the development context, systemic governance issues needed to be revisited. In that respect there were two questions: how could developing countries, particularly low-income ones, make sure that their voices would be heard in the reform efforts, which generally responded to crises in middle-income countries? How could the production of global public goods be improved? Those were questions that needed to be examined during the intergovernmental high-level event on financing for development, and the World Bank intended to cooperate actively in preparations for the event.

7. *Ms. Barrington (Ireland), Vice-Chairman took the Chair.*

8. **Mr. Yampolsky** (Ukraine), speaking on behalf of the GUUAM countries (Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova) on agenda item 92 (a), said that, in recent years, world trade and economic development had been based on two interlinked phenomena: globalization and liberalization, and interdependence of national economies. The challenges currently confronting the international community were quite unprecedented because the balance of risks in the global economy had changed. Recent financial crises had clearly demonstrated that the world economy needed new institutional apparatus and a financial architecture that could prevent future turmoil. Globalization, which theoretically should have increased the opportunities of developing countries and countries with economies in transition for trade, flows of foreign direct investment and market access, had instead led to further marginalization for some of those countries.

9. Therefore, while much had been achieved in creating the multilateral trading system, much remained to be done. The international community should expand and preserve open markets by harmonizing its trade and monetary and financial practices, improving transparency and predictability and helping developing countries and economies in transition to benefit from trade liberalization and integrate into the global economy. With the resumption of work in the wake of the Seattle Conference, it was to be hoped that the need to develop an open, fair, non-discriminatory and transparent international trade system, offering countries equal access to markets, would strengthen the central role of WTO as a

mechanism for ensuring trade and economic growth. Emphasis should be placed on the need for integration of all countries into the multilateral trading system: it was unacceptable to pressure countries seeking WTO membership to accept higher levels of obligation than WTO member States and to forgo the special and differential treatment included in multilateral trade agreements.

10. The Governments of the GUUAM countries made accession to WTO a priority of their foreign trade policy, but were fully aware of the difficulties which that process usually presented: bringing national legislation into line with the relevant requirements of WTO agreements, adopting a coordinated approach to national capacity-building, training policy makers and experts to use WTO dispute settlement mechanisms. Those countries were working consistently to make their economies more open, transparent and integrated into the world economic space.

11. Certainly, liberalization of trade and financial flows had given the developing countries and countries with economies in transition better access to the markets and capital they required. However, WTO could not on its own solve all development problems, and it should work in cooperation with such other organizations as the International Monetary Fund, the World Bank, the specialized agencies of the United Nations system and UNCTAD. The tenth session of the United Nations Conference on Trade and Development had preserved the Conference's important role in the debate on the most relevant and current trade-related issues in the context of development, reflecting its comparative advantage and the specificity of its mandate. Bearing in mind the Bangkok Plan of Action, which had underlined the need to address the imbalances in the WTO agreements and the international economy as a whole, UNCTAD should continue to promote the full integration of all countries into the multilateral trading system, and assist the developing countries and the countries in transition to participate more actively in WTO negotiations as it had already done in capacity-building for foreign direct investment.

12. The GUUAM countries, because of the great importance they attached to intensifying regional economic cooperation and developing mutually beneficial trade relations, had begun efforts to establish a free trade zone which would contribute to the integration of their national economies into the European and world economic systems.

13. **Mr. Balarezo** (Peru) associated his delegation with the statements by the representative of Nigeria on behalf of the Group of 77 and China, of Colombia on behalf of the Rio Group and of Ecuador on behalf of the Andean Community. The reports submitted by the Secretary-General of UNCTAD showed that the international community was unanimous in recognizing the importance of strengthening and progressively improving an open, transparent and non-discriminatory multilateral trading system based on the rule of law, which would allow all countries to benefit from production and trade specialization and participate in economic and social progress. The reports also demonstrated the seriousness with which the developing countries had honoured their commitments made in the World Trade Organization, even though those commitments often bore no relation to their institutional capacity, and the enormous difficulties they faced in their integration into the world economy, in particular the commodity producing and exporting countries. Those countries had made a major effort to liberalize their trade in goods and services, strengthen trade regulations and make compromises in areas of the greatest importance to development, such as investment and intellectual property.

14. It was evident, however, that the results obtained had been modest and that new measures were required in order to improve regulation and prevent the adoption of protectionist measures based on technical, health, social or ecological criteria. Clearly, the active and growing participation of the developing countries in trade flows required a competitive economy at the national level, but also a favourable international environment. To that end, priority must be given to increased market access, transparency, measures to facilitate trade and effective liberalization of the textile and clothing sectors, where those countries had a comparative advantage. Special and differential treatment to benefit the developing countries must also be reinforced in order to increase their competitiveness and allow them to produce goods with greater value added and use trade as a way to accelerate development. The rules of international trade, therefore, should give greater consideration to the needs of development by establishing appropriate mechanisms to reduce the disparities between levels of development and guarantee equal participation by all countries, eliminating existing imbalances, such as tariff peaks and progressive duties imposed on developing countries' exports, as well as physical

obstacles to the movement of persons which limited the application of the General Agreement on Trade in Services, and resolving other problems concerning intellectual property.

15. Peru had opened up its economy by eliminating all but two customs duties and removing obstacles to trade, including quantitative obstacles such as quotas. It had honoured all its commitments to the World Trade Organization, in particular by applying the Code on Customs Valuation to 100 per cent of imported goods. That trade policy, based on law and freedom for any individual to transact business without discrimination on grounds of nationality or any other grounds, was accompanied by a floating exchange rate system, an investment regime preserving freedom to repatriate capital and national treatment and rigorous budgetary and monetary policies. Peru, which had carried out far-reaching structural reforms and was integrating itself into the world through open regionalism and a trade and investment policy based on the principles of non-discrimination and national treatment, believed that it was essential for the international trading system to guarantee predictable, secure and open export markets and to assist countries to export fewer raw materials and more products with greater value added. That assumed greater mobilization on the part of developed partners, which should allow textiles to enter their countries freely and no longer impose technical standards that often amounted to hidden obstacles to trade and real competition. Along those lines, Peru was participating actively in the work of the World Trade Organization and APEC (Action Programme for Economic Cooperation among Non-aligned and Other Developing Countries) and had committed itself to the consolidation of the Andean Community by creating a regional market through a trade partnership with MERCOSUR and a free-trade zone for the Americas by 2005.

16. **Ms. Wright** (United States of America) said that external debt could be a significant burden to many of the world's poorest countries and a major stumbling block to their efforts to promote growth and poverty reduction. Therefore, the United States believed that attention should remain focused on the pressing problems of the heavily indebted poor countries (HIPC). In 1999, it had joined other industrialized countries in enhancing the HIPC initiative to provide faster, deeper and broader debt relief for the poorest developing countries that were committed to poverty reduction and economic growth. That initiative was a vital part of the broader efforts of the international community to provide support to those countries. The United States supported rapid implementation of that initiative for eligible countries which had enacted sound economic reforms including implementation of a credible poverty reduction strategy. Debt relief without economic reforms and effective use of savings would have little long-term impact on poverty.

17. **Mr. Adawa** (Kenya), associating himself with the statement made by the representative of Nigeria on behalf of the Group of 77 and China, said that developing countries, especially those of sub-Saharan Africa, had found it difficult to derive tangible benefits from the multilateral trading system since the Uruguay Round. Most of those countries might not have been fully aware of the implications of the World Trade Organization (WTO) rules; they had signed the WTO Treaty out of their belief that liberalization would improve their gains from international trade. Five years later, no meaningful gains had been achieved. The ability of those countries to effectively participate in WTO would be an important factor in their integration into the international trading system.

18. His delegation was particularly concerned over the growing protectionism in industrialized countries with respect to the exports of developing countries and the massive support that industrialized countries gave to their farmers. If they really wanted to reduce poverty, they should rather support agriculture in developing countries, which provided employment to nearly the entire active population and was the main foreign exchange earner. The System of Stabilization of Export Earnings (STABEX), established under the Lomé Convention, had provided a measure of stability to the export earnings of the African, Caribbean and Pacific (ACP) group of countries. However, the importance of that System as an instrument for mitigating the negative effects of fluctuations in export earnings had not been recognized in the new Cotonou Partnership Agreement. Thus far, the ACP countries had benefited from preferential treatment on the European Union market and were therefore concerned that such regime would be phased out by 2008. The ACP non-least developed countries therefore called upon their development partners to assist them in their efforts to develop internal capacities in order to prepare adequately for future trading arrangements. His delegation also supported the new initiatives by the United States Government to extend trade cooperation

to African countries. He was concerned, however, about the introduction of new standards into the multilateral trading system, which was one of the factors that had led to the collapse of the Seattle WTO Ministerial Conference.

19. Noting that the external debt hampered the efforts of developing countries to reduce poverty and create employment, he called upon the developed countries to honour their pledges to provide debt relief and assist developing countries to meet their external payments commitments. His delegation welcomed the commitments by the G-8 to speed up the pace of implementation of the enhanced HIPC Initiative. In view of the fact that developing countries were unable to participate effectively in the international market because of production constraints, including poor infrastructure, inadequate technical know-how and underdeveloped information and communication technologies, and that those countries which had not moved fast enough in terms of information technology would not benefit from the opportunities offered by globalization and would be further marginalized, developed should assist developing countries in developing the domestic capacities required for them to be integrated into the international market.

20. **Ms. Leonce** (Saint Lucia) said that developing countries were tired of begging and receiving nothing in return, beseeching and being scorned and of entering into partnerships only to be exploited. They were tired of broken promises, empty rhetoric and cosmetic changes that did not address the root causes of problems. Turning to the delegations from the developing world, she said that the time had come to wonder whether it still made sense to continue the struggle. The current strenuous efforts by developed countries to restore the confidence of countries of the South in the institutions that regulated the world economy, presented developing countries with a final opportunity to stop requesting, and begin demanding what was their due, because development was a fundamental right. Denying it would amount to depriving the people of the South of their right to a better life. They were entitled to that right to development, which was not negotiable, because life had the same value in both the North and the South.

21. Developing countries should therefore not engage in a new round of negotiations at WTO without being given the assurance that such negotiations would be beneficial for their development. In that regard, it was worth noting that when the economies of the North had begun to develop, there were only a few rather weak trading regulations which had allowed them considerable latitude to develop. It was only after the development of those economies and their globalization that the General Agreement on Tariffs and Trade (GATT) and the WTO had been established, stifling the capacity and potential of the countries of the South to develop. Indeed, it was inconceivable to talk about partnership in a situation where one billion rich people exploited five billion poor people, who nevertheless owned most of the world's resources. The gap was so wide, and the economies of the poorest countries were at such a great disadvantage in terms of both their size and respective weights, that provisions for a special and differentiated treatment were required in order to change the time-frames and criteria that those countries were required to meet in implementing their policy reforms. Technical assistance must also be provided in all the necessary areas. Such adjustments should not be haphazard, because it was precisely such flexibility that had benefited developed countries in their time.

22. Studies carried out on the experience of Caribbean countries following trade liberalization had demonstrated that the countries that had suddenly liberalized their trade had suffered irreparable damage, and that those that had been more cautious were more stable. Trade liberalization should not make individual countries lose sight of the disparities in development and their vulnerability and weakness. Prior to liberalization, Saint Lucia had been classified as a lower middle-income country; currently, it was classified as a low income country. She wondered how a country with a population of 150,000, that was devastated every year by natural disasters, could be expected to compete with large countries with millions of inhabitants and a huge industrial base. Liberalization did not distinguish between those differences; it prescribed the same treatment for every country.

23. The only way to correct those structural imbalances would be for the developing countries themselves, based on their enormous market of five billion people, to make a concerted effort and ensure that their voices were heard. African countries and the least developed countries would be wrong to accept the crumbs offered to them by the developed countries through the enhanced and priority market access for their goods and services. That would satisfy only a tiny

portion of their needs. If the international community was really concerned about the fate of those countries, it would honour its commitments with respect to official development assistance rather than maintaining its policy of exclusion and division. It was therefore high time that countries of the South closed ranks and put their considerable resources at the service of South-South cooperation, rather than depending on the North which had been unable for decades to address their development aspirations.

24. **Mr. Ahmad** (Pakistan) endorsed the statement made by the representative of Nigeria on behalf of the Group of 77 and China on agenda items 92 (a) and (c). Fortunately, the failure of the third WTO Ministerial Conference held in Seattle in 1999 had been offset by the successful conclusion of the tenth session of the United Nations Conference on Trade and Development (UNCTAD) in February 2000, which had, to some extent, revived faith in the trading system. However, restoration of faith in the system would be difficult given the negative impact of trade liberalization on developing countries and the lopsided nature of such liberalization. When the leaders of the South had met in Havana in April 2000, they had stressed the need for developed countries to fully fulfil their commitments to implement the provisions for special and differentiated treatment. They had also called for the strengthening of the system of trade preferences, which should address the needs of least developed countries and certain small developing countries. The rights and obligations emanating from the Uruguay Round had not been favourable to developing countries. Imbalances in the trading system had been further exacerbated by disparities in implementation. Developed countries had not fulfilled their contractual obligations. While developing countries were called upon to further liberalize trade, the developed countries continued to protect key sectors of export interest to developing countries. Disguised protectionist measures denied market access to exports from developing countries.

25. In order to revive confidence in WTO, priority must be given to development and the proposal contained in the Plan of Action of the tenth session of UNCTAD regarding commitment by developed countries to grant duty-free and quota-free market access for all exports originating in least developed countries, particularly from Africa, should be implemented. It was necessary to accelerate the access of developing countries to WTO. Future negotiations in WTO should primarily focus on development issues. Trade liberalization was not an end in itself. The issue was how the world trading system could promote development.

26. The external debt burden of developing countries was a serious threat to their economic and social stability, drained their meagre resources and deepened poverty. It could destabilize many governments. That was why the HIPC Initiative had been launched. However, owing to funding uncertainties and the imposition of conditionalities, progress in providing debt relief had been very slow. Moreover, the diversion of ODA as a contribution to the HIPC Initiative could have an adverse impact on other development activities. Debt relief depended on the allocation of sufficient resources to finance the HIPC Initiative, which should be guided by the needs of debtor countries and not shaped by priorities imposed by donors or creditors. His delegation believed that outright debt cancellation was the only durable solution to the debt of African countries.

27. It was widely recognized that debt sustainability of middle-income developing countries was essential not only for their economic growth but also for the smooth functioning of the world economy. The debt crisis of the 1980s had made it clear that the debt sustainability of middle-income developing countries had a major impact on the global economy. UNCTAD had made very useful proposals regarding international action to resolve the problem, particularly the establishment of an independent panel of experts to prepare an objective and comprehensive assessment of the whole problem. The proposal for the cancellation of the bilateral ODA debt of severely indebted middle-income developing countries should also be implemented. His delegation reiterated its support for the proposal made by the Secretary-General during the Millennium Summit that the United Nations should mediate between the creditors and debtors. On the same occasion, the Head of Government of Pakistan had proposed that the money spent on debt servicing should be diverted towards social development. That would also be a way of addressing the external debt problems of middle-income developing countries.

28. **Mr. Volski** (Georgia), speaking on behalf of the GUUAM group on the issue of macroeconomic policy questions relating to trade and development, in particular the transit situation in the landlocked States of Central Asia and neighbouring countries, said that global economic cooperation at the regional and

interregional levels not only had the potential for resolving social issues but also could play an indispensable role in promoting peace and stability. Greater cooperation among the States of Central Asia and neighbouring transit States was particularly important. The countries in transition were not the only countries to benefit from the development of a Euro-Asian transit system; developed countries gained access to new markets and local natural resources, which attracted investments into the region and facilitated its integration into the world economy. The project for the restoration of the silk road should help strengthen economic security, borders and the sovereign rights of States. No project should infringe upon national interests. Cooperation within the framework of the Euro-Asian system had three basic dimensions: the Europe-Caucasus-Asia transport corridor (TRACECA), the east-west strategic energy corridor, and the unified telecommunications system.

29. Donor countries and the relevant international organizations should pay particular attention to the obstacles hampering effective cooperation, described in the report of UNCTAD (A/55/320), which did not call for the establishment of a new institutional arrangement since there were already so many sub-regional organizations and mechanisms. Existing organizations must find ways of cooperating in the development of transit systems.

30. The GUUAM States were committed to the intensification of economic cooperation and the liberalization of trade, as well as to reaching agreements on customs controls, transit tariffs and other legal, technical and organizational matters. Those were the underlying principles of cooperation within GUUAM.

31. **Mr. Tasulov** (The former Yugoslav Republic of Macedonia), said that his delegation associated itself with the views expressed by the representative of France on behalf of the European Union concerning item 92 (b) and (c). Over the past decade, the former Yugoslav Republic of Macedonia had experienced various problems which had negatively influenced its development. His Government hoped that that difficult period was over and that it would be able to establish better economic relations with its foreign partners in the region, in Europe and in the world. Since the former Yugoslav Republic of Macedonia was not a least developed country, it was not covered by the Heavily Indebted Poor Countries Initiative. However, a country could not be asked to repay its debts if it was not in a position to do so, or if money which had been borrowed in the past had been spent on uneconomical projects and, instead of producing results, was producing losses. It was difficult to ask current and future generations to pay for the mistakes of previous generations.

32. The former Yugoslav Republic of Macedonia was also concerned about the effects of negative developments on the situation in the region and its impact on the development of the country's economy. His delegation hoped that that problem would be considered in depth during the preparatory process for the high-level meeting on the financing of development and that the outcome would be beneficial for the indebted countries which were unable to pay the debts incurred in the past.

33. **Mr. Jayanama** (Thailand) said that the failure of the third ministerial conference at Seattle did not mean that international trade should revert to bilateral trade relations, a system in which the big Powers tended to dominate others. The Seattle fiasco had demonstrated the need for serious reform of the current WTO system which was inequitable, unsustainable and tended to favour large transnational corporations. Thailand therefore supported the idea of launching a new round of trade negotiations without delay.

34. Concessions in areas which would benefit developing countries most (such as textiles and agriculture) had been extremely limited. Since the signing of the General Agreement on Tariffs and Trade (GATT) in 1947, agricultural protectionism had remained high in many developed countries, whose Governments continued to subsidize farmers despite the basic principles of WTO. Domestic price supports and export subsidies were very costly for taxpayers in developed countries and created market distortions that spurred the demand for import protection. Those subsidies gave rise to production surpluses, artificially depressed and volatile world prices, and unnecessarily high costs for domestic consumers of developed countries. The effects were also felt by tens of millions of producers from developing and least developed countries.

35. The WTO agriculture agreement was supposed to result in import liberalization and reduction of domestic price supports and export subsidies for agricultural products, especially in the rich countries,

which was expected to help the countries of the South increase their exports of agricultural products. Tariffs had remained high, however. Tariff reductions must therefore be continued and market access restrictions eliminated in order to establish a fair and market-oriented agricultural trading system.

36. His delegation wished to voice its concerns about the fair implementation of rules governing anti-dumping measures which would nullify the benefits of tariff reductions. Anti-dumping measures were contrary to the principle of non-discrimination; they should therefore be avoided as far as possible. In practice, those measures were used for protectionist purposes. In that respect, Thailand urged the developed countries which were members of WTO to take into consideration article 15 of the anti-dumping agreement which dealt with the special situation of developing country members of WTO.

37. The WTO dispute settlement system provided security and predictability to the multilateral trading system. The strengthening of that system would enable those who broke the rules of international trade to be held to account. Unfortunately, the new system did not adequately respond to the concerns of the developing countries. It was less effective when weak trading partners sought redress from strong trading partners. Member States had to wait two years for a decision. The developing countries could not afford to wait so long. The dispute settlement procedures must not become instruments for coercion of developing countries. UNCTAD should therefore strengthen technical assistance to developing countries in the area of dispute settlement.

38. **Mr. Aboulgheit** (Egypt) endorsed the statement made on behalf of the Group of 77 on agenda item 92 (a). He emphasized that the peoples were waiting impatiently for the principles of the Millennium Declaration to be translated into reality and that multilateralism was again coming to the fore. Without coordination of their respective policies by the organs of the United Nations and the Bretton Woods institutions, the international community would not be able to escape from the vicious circle in which it had been trapped for decades. Poverty would not be eradicated and sustainable development for all would not become a reality unless the developed countries respected all their commitments, first and foremost, their undertaking to liberalize international trade, particularly in the areas of agriculture and textiles, which were vital for the developing countries. According to the report of the Secretary-General, the subsidies paid to farmers by the developed countries had amounted to almost $362 billion in 1999, or 10 times more than official development assistance and the equivalent of two thirds of the total volume of trade in agricultural products. Furthermore, the report emphasized that many developing countries had adopted agricultural policies far more liberal than those of the developed countries. One had to ask how long that situation, which was contrary to the very principles of the market economy, would last. The only valid solution was to strengthen the participation of the developing countries in economic decision-making within the United Nations, WTO and the Bretton Woods institutions, without which international peace and security would be in jeopardy. The developed countries must heed the alarms sounded by the developing countries, notably in the Declaration of the South Summit, held in Havana, and the joint communiqué of the Summit of the Heads of State and Government of the Group of 15, held in Cairo. His delegation welcomed the plan of action adopted by UNCTAD in Bangkok and commended that organization's role in providing technical and institutional assistance to developing countries.

39. His delegation also wished that the modalities for the implementation of the principle of preferential treatment should be considered at the earliest opportunity. He emphasized that the international trade system must be based on the principles of fairness and transparency and must not be used to justify protectionist measures contrary to the very principles of the system. The developed and developing countries must learn the lessons of the Seattle Ministerial Conference of WTO. The multilateral negotiations were currently at an impasse because the developed countries, which had not respected the commitments made in the Uruguay Round of negotiations, were attempting to obscure the environmental and social dimensions and were making compliance with the undertakings made in respect of agriculture and services conditional upon the liberalization of new economic sectors in the developing countries. His delegation believed that the developing countries must be allowed to proceed within the time frames stipulated in the Uruguay Round of negotiations, because the implementation of some provisions of the agreements was very costly for the developing countries, which had also undertaken economic reforms that were

equally costly, in both economic and social terms. His delegation was convinced that, if all those problems were solved expeditiously, the implementation of the WTO programme could not but proceed in the interests of the countries of both the North and the South.

40. **Mr. Hirata** (Japan) said that, in his opinion, the report of the Secretary-General on recent developments in the debt situation of developing countries (A/55/422) posed several problems; first, he believed that the Secretariat had gone beyond its mandate because the General Assembly, in its resolution 54/202, had requested the Secretary-General to report to it on the implementation of that resolution and to include an analysis of the external debt situation, whereas the report contained recommendations, notably in section III. Second, his delegation considered that the report was marred by bias, because, inter alia, the reference in paragraph 71 to the establishment of "an independent panel of experts not unduly influenced by creditor interests" gave the impression that only debtor interests would be taken into account, which cast doubt on the neutrality and impartiality of the Secretariat. Third, the quality of the report was deplorable and its recommendations were unrealistic; that undermined the authority of the Secretariat. His delegation wished the Secretariat to clarify whether the document had been approved in accordance with the usual procedure, who had prepared it and who had given final approval. Lastly, he considered that, given the report's poor quality, it should not be considered by the Committee.

41. **Mr. Hanif** (Pakistan) said that the representative of Japan had raised some serious issues on a subject of great concern to the developing countries, and the Group of 77 reserved the right to reply prior to the statement by the Secretariat.

42. **Mr. Nhleko** (Swaziland) welcomed the statements made by the representatives of Japan and Pakistan and expressed regret at the belated issuance of the document and the poor quality of the information contained therein. He trusted that it would be possible to revert to the issue.

43. **Mr. Adawa** (Kenya) said that the representative of Japan certainly had the right to express his delegation's opinion, but that other delegations had the right to reply, and on an equal footing. He, too, regretted the late issuance of the document, but did not believe, for all that, that it should not be considered. He endorsed the statement made by the representative of Pakistan.

44. **Mr. Liu** Jingtao (China) said that the question posed by the representative of Japan raised the issue of the Organization's role in solving development problems, particularly the problem of external debt. Because of the belated issuance of the report, his delegation had not had time to consider it in depth and reserved the right to reply to the representative of Japan before the report was next considered.

45. **Ms. Tavora-Jainchill** (Brazil) said that her delegation supported the statements made by the representatives of Pakistan, Kenya and China. She considered that the issue was of the very greatest importance for the developing countries and that the Committee should await the response of the Group of 77.

46. **Mr. Mbayu** (Cameroon) said that the reports of the Secretary-General were not agreed texts and were not required to satisfy the views of one delegation or another; it was therefore not possible to prevent the consideration of the report. He reserved the right to revert to the questions posed by the representative of Japan once the Group of 77 had given its response.

47. **Mr. Osio** (Nigeria), speaking on behalf of the Group of 77, said that it was unthinkable that the opinion of a single delegation could prevent the discussion of an agenda item. He hoped that the Japanese delegation would reconsider its position in the light of its special relationship with developing countries.

48. **Ms. Vargas** (Costa Rica) pointed out that the discussions were not one-sided and that debate was a dynamic process; small countries joined together in groups of States so that the interests of all were taken into account.

49. **Mr. Ottosson** (Sweden), speaking on behalf of the European Union, said that he reserved the right to comment subsequently on the issues raised by the representative of Japan at a later stage, after further consultations within his group.

50. **The Chairman** said that the agenda item remained under consideration and that the comments made had been duly noted by the Secretariat.

The meeting rose at 12.30 p.m.